



Glenn Hegar Texas Comptroller of Public Accounts

State Depository Handbook

A Financial Institution Guide for Holding State Funds

Table of Contents

1	State Depository Requirements
2	State Depository Application Process
4	State Depository Application/Agreement Form
18	Statement of Condition
19	Reporting Requirements
20	Depository Collateral Explanation
21	Eligible Collateral
22	Procedures for Pledging Collateral
23	Procedures for Releasing Collateral
24	Computation and Collection of Interest on BidTX, Open Time and Linked Deposits
26	Frequently Asked Questions
29	Comptroller Contacts
•	



STATE DEPOSITORY REQUIREMENTS

Under Section 404.021 of the Texas Government Code, if you are a state or national bank, a savings and loan association or a credit union doing business in Texas through a main office or one or more branches, you may apply to be a depository to hold state funds. A state depository must be covered by federal depository insurance and maintain a physical main or branch location in Texas that accepts customer deposits and processes loan applications. The parent or main institution must apply and be approved if money is to be held in any of its branch locations. Branch institutions cannot apply.

To qualify, you must agree to:

- provide, upon request, to the Texas Comptroller of Public Accounts information or confirmation regarding a deposit of state funds or a pledge of collateral;
- maintain acceptable levels of eligible collateral pledged to the Comptroller and held by an independent, third-party safekeeping agent (custodian);
- certify compliance with Texas Unclaimed Property laws, Texas Property Code Chapters
- pay the rate of interest established by the Comptroller;
- comply with all provisions of the law relating to state depositories and perform all duties specified, as well as comply with all the rules and regulations of the Comptroller;
- complete and submit the State Depository Application/Agreement (the Agreement) form to the Comptroller for review and approval by the Comptroller.

NOTE: A depository currently holding on deposit any of the following types of funds deposited by the state must reapply for the next depository period to continue to hold these monies: open time, Linked Deposit, BidTX deposits, deposit concentration funds and/or NOW accounts. Any depository currently safekeeping securities pledged to the State of Texas must reapply in order to continue serving as a custodian.

STATE DEPOSITORY APPLICATION PROCESS

RESPONSIBLE ENTITY	ACTION
1. Comptroller	Mail Eligibility Letter to the Financial Institution.*
2. Financial Institution	Complete the Agreement.
3. Financial Institution	Mail the completed form by July 15, 2015 to:
	Texas Comptroller of Public Accounts Cash and Securities Management Division, Room 636 P.O. Box 12608 Austin, Texas 78711-2608
4. Comptroller	Review and verify the Agreement.
5. Comptroller	Present the Agreement to the Comptroller.
6. Comptroller	Either approve or reject the Agreement.
7. Comptroller	Notify the Financial Institution of the Comptroller's decision designating the Financial Institution as a state depository.
8. Financial Institution	If interested, Financial Institution calls the Comptroller through the Investment Accounting Division of the Texas Treasury Safekeeping Trust Company to request an open time interest bearing deposit (that is insured by Deposit Insurance) or the Financial Institution can bid on time deposits at our monthly BidTX auction.

^{*} Depository information can also be found at www.comptroller.texas.gov/treasops/depository.

Instructions for the State Depository Application/Agreement Form



State Depository Application/Agreement

State Depository (Depository) application procedures are established under Chapter 404 of the Texas Government Code.

This application is for the period beginning September 1, 2015 and ending August 31, 2017.

Section I must be completed by all Depository applicants.

Section II must be completed by financial institutions applying for state deposits fully insured by its Deposit Insurance.

Section III must be completed by financial institutions requesting state deposits in excess of its Deposit Insurance.

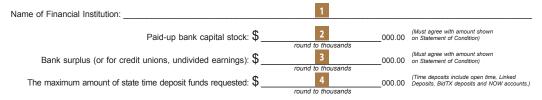
Section IV must be completed by all Depository applicants.

Section V is an application checklist.

Section I: General Information/Terms and Conditions

General Information

The undersigned bank, savings and loan association or credit union, which is doing business in Texas through its main office or its branches (Financial Institution), must submit this Depository Application/Agreement (the Agreement) for approval by the Texas Comptroller of Public Accounts (Comptroller) when requesting designation as a depository.



Time deposits, which include open time, Linked Deposits, BidTX deposits and/or NOW accounts, are limited to the maximum amount approved by the Comptroller, which cannot exceed two times the Financial Institution's capital stock and surplus if the requested amount is above the federally insured limit. Deposit concentration funds are not subject to this maximum but require collateralization, as do all state deposits in excess of federal deposit insurance coverage.

Terms and Conditions

Upon designation as a Depository, the Financial Institution agrees to the following terms and conditions:

Capital-to-Asset Ratio Policy: Depositories must meet the following capital-to-asset ratio requirements: No more than current Deposit Insurance levels less 5 percent (to allow for accrued interest) can be held in time deposits with a depository whose capital-to-asset ratio is less than 5 percent. If financial institution's time deposits are above deposit insurance levels and the most recent capital-to-asset ratio drops below 5 percent, immediate action will be taken to reduce time deposits to deposit insurance levels less 5 percent (to allow for accrued interest). Upon approval of a financial institution as a depository under Section II of the State Depository Application, a financial institution is eligible to receive time deposits up to the amount of its Deposit Insurance level less 5 percent (to allow for accrued interest) regardless of its capital-to-asset ratio.

Collateral: If the Financial Institution requests approval for state deposits in excess of Deposit Insurance, it will execute the Resolution and the Security Agreement/Pledge of Collateral in Section III. The Financial Institution pledges to deposit sufficient collateral with an authorized Custodian to secure the amount of state deposits in excess of Deposit Insurance, with interest. The Financial Institution will deposit the required collateral in the form of eligible investment securities acceptable to the Comptroller.

Records: The Financial Institution will maintain separate and complete records related to all collateral necessary to secure state deposits. Such collateral records shall be regularly monitored by the internal auditor of the Financial Institution and shall be reconciled to the records of the Custodian quarterly. The Financial Institution will provide, upon request, to the Texas Comptroller of Public Accounts information or confirmation regarding a deposit of state funds or a pledge of collateral.

Interest: The interest rate paid by the Financial Institution on state time deposits shall be the rate of interest established by the Comptroller. The Comptroller shall collect interest as described in the State Depository Handbook. Any modifications to this process may be made with 30 days prior notice. If, for any reason, the Comptroller requests that its deposits, or a portion thereof, be returned prior to maturity, any resulting early withdrawal penalty shall be waived by the Financial Institution. In the period held after maturity date of a time deposit that has not been renewed by the Comptroller, the Financial Institution agrees to compensate the Comptroller for the period held after maturity at the interest rate in effect for the deposit.

Withdrawals and Remittances: Funds on deposit, except time deposits, are subject to withdrawal and remittance to the Comptroller upon demand and without penalty. Time deposits are also subject to withdrawal upon demand and without penalty, except as provided by law.

AP-185-1 (Rev.4-15/12)

Page 1



CRA Ratings: To be designated a Depository, "regulated financial institutions," as defined by 12 U.S.C. Section 2902 (generally banks and savings and loans) are required by Section 404.0212 of the Texas Government Code to report their most recent Community Reinvestment Act (CRA) rating to the Comptroller annually by August 1 and not later than the 30th day after they are notified that their assigned rating has been changed. A "regulated financial institution" cannot be designated as a Depository if its CRA rating is below "outstanding" or "satisfactory." Any change in a Depository's CRA rating must be reported to the Comptroller within 30 days. If the rating changes to below "outstanding" or "satisfactory," the Comptroller will take immediate action to transfer all state deposits from that Depository. The CRA rating reported for any out-of-state institution doing business through one or more Texas branches must be the CRA rating for the Texas region, or the CRA rating for the individual branches in Texas.

Agreement and Termination: This Agreement, upon execution by the Financial Institution and approval by the Comptroller, shall be binding upon all parties thereafter. All state deposits held by the Financial Institution shall be governed by the terms and conditions of this Agreement. This Agreement shall remain in full force and effect until either party has received 30 days prior written notice of termination of this Agreement from the other party and 45 days after all state funds have been returned to the Comptroller.

Reports: The Financial Institution shall provide all reports required by the Comptroller, including statements of condition, account statements and confirmations showing the amounts deposited, as described in the State Depository Handbook.

Unclaimed Property Compliance: The Financial Institution certifies that it has complied with Chapters 72-74, Texas Property Code, relating to unclaimed property (the Unclaimed Property laws). The Financial Institution understands that compliance with the Unclaimed Property laws is a condition precedent for qualification as a Depository. The Financial Institution further understands and hereby agrees that failure to comply with the Unclaimed Property laws is a sufficient basis for forfeiting its designation as a Depository.

Deposit Insurance: The Financial Institution must be federally insured by either the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund throughout the term of this agreement.

Successor Institutions: If a successor Financial Institution succeeds to the interest of the Financial Institution or if the Financial Institution is adjudged bankrupt or insolvent, or a receiver, liquidator or conservator of the Financial Institution or of its property is appointed, or if any public officer takes charge or control of the Financial Institution or its property, then the successor financial institution, receiver, liquidator, conservator or public officer shall, without any further act, be bound by and vested with all rights, powers, duties and obligations of the Financial Institution, including all collateral obligations, under this Agreement.

Venue: The parties agree that the exclusive venue and jurisdiction of any legal action or suit brought in connection with this Agreement is, and that any such legal action or suit will be brought, in a court of competent jurisdiction in Travis County, Texas.

Compliance with Laws: The Financial Institution will comply with applicable state and federal laws in the performance of duties and services

Governing Law: This Agreement is governed and construed in accordance with the laws of the state of Texas, and the laws of the United States. If any conflict of law issue arises in the interpretation of this Agreement, the parties agree that when Texas law is not preempted by laws of the United States, Texas law will govern.

Time Limits: Time is of the essence in the performance of this Agreement. Financial Institution shall strictly comply with all of the deadlines, requirements, and terms of this Agreement.

Notice: The parties will provide notice under the Agreement in writing and sent by certified mail, overnight mail, fax or email, to the address set forth in the signature block of this Agreement or such other place designated by written notice from one party to the other. For notice to the Comptroller, please direct it as follows:

> Texas Comptroller of Public Accounts Phone 512-463-5905 Attention: Funds Transfer FAX 512-463-6315

Cash and Securities Management Division, Room 636 Email funds.transfer@cpa.texas.gov

P.O. Box 12608 Austin, TX 78711-2608

Binding Agreement; Amendment: All of the terms and provisions of this Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns. This Agreement may only be amended in a writing signed by the parties hereto.

Complete Agreement: In the event of a conflict between the provisions of this State Depository Agreement and any other document, this Agreement shall control. The parties acknowledge this Agreement is the controlling document between the parties and no document, whether currently in existence or not, shall alter or supplement the terms of this Agreement regardless of the terms of such document. Any change to the terms of this Agreement shall be through amendment only.

Severability: If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, it will not affect any other provisions of this Agreement, and the Agreement will be construed as if such invalid or unenforceable provision had never been contained herein.

Waiver: No provision of this Agreement may be waived except by a writing signed by the party to be bound and any waiver of any nature will not be construed to be a waiver of subsequent acts.

Entire Agreement: This Agreement represents the entire agreement between the parties hereto and supersedes any and all prior agreements between the parties, whether written or oral, that related to the matters described herein.

AP-185-2 (Rev.4-15/12) Page 2



Force Majeure: Except as otherwise provided, the Financial Institution shall not be liable for any delay in, or failure of performance, of a requirement contained in the Agreement caused by force majeure. Force majeure is defined as those causes generally recognized under Texas law as constituting impossible conditions. The Financial Institution must inform the Comptroller in writing with proof of receipt within three (3) business days of the existence of such force majeure or otherwise waive this right as a defense.

No Waiver of Sovereign Immunity: The Financial Institution agrees and acknowledges that this Agreement shall not constitute or be construed as a waiver of any of the privileges, rights, defenses, remedies, or immunities available to Comptroller as an agency of the State of Texas or otherwise available to Comptroller. The failure to enforce or any delay in the enforcement of any privileges, rights, defenses, remedies, or immunities available to Comptroller under this Agreement or under applicable law shall not constitute a waiver of such privileges, rights, defenses, remedies, or immunities or be considered as a basis for estoppel. Comptroller does not waive any privileges, rights, defenses, remedies, or immunities available to Comptroller as an agency of the State of Texas, or otherwise available to Comptroller, by entering into this Agreement or by its conduct prior to or subsequent to entering into this Agreement. The modification of any privileges, rights, defenses, remedies, or immunities available to Comptroller must be in writing, must reference this section, and must be signed by Comptroller to be effective, and such modification of any privileges, rights, defenses, remedies, or immunities available to Comptroller shall not constitute waiver of any subsequent privileges, rights, defenses, remedies, or immunities under this Agreement or under applicable law.

Liability: The Financial Institution shall be fully liable for any and all losses of state deposits resulting from any failure by the Financial Institution to perform its duties pursuant to the terms of the Agreement or for action taken in contravention of the Agreement, other than actions taken or omitted upon written instruction from an Authorized Representative of the Comptroller.

Indemnification: FINANCIAL INSTITUTION SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE STATE OF TEXAS AND COMPTROLLER, AND/OR THEIR OFFICERS, AGENTS, EMPLOYEES, REPRESENTATIVES, CONTRACTORS, AND/OR ASSIGNEES, (COLLECTIVELY, "COMPTROLLER INDEMNITEES") FROM ANY AND ALL LIABILITY, ACTIONS, CLAIMS, DEMANDS, OR SUITS, AND ALL REASONABLE RELATED COSTS, ATTORNEY FEES, AND EXPENSES ARISING OUT OF OR RESULTING FROM ANY ACTS OR OMISSIONS OF THE FINANCIAL INSTITUTION OR ITS AGENTS, EMPLOYEES, SUBCONTRACTORS, ORDER FULFILLERS, OR SUPPLIERS OF SUBCONTRACTORS IN THE EXECUTION OR PERFORMANCE OF THIS AGREEMENT, EXCEPT TO THE EXTENT THAT SUCH ACTION OR INACTION IS AUTHORIZED BY THIS AGREEMENT OR OTHERWISE EXPRESSLY INSTRUCTED BY ANY COMPTROLLER INDEMNITEE PURSUANT TO THIS AGREEMENT. THE DEFENSE SHALL BE COORDINATED BY FINANCIAL INSTITUTION WITH THE OFFICE OF THE ATTORNEY GENERAL WHEN TEXAS STATE AGENCIES ARE NAMED DEFENDANTS IN ANY LAWSUIT AND FINANCIAL INSTITUTION MAY NOT AGREE TO ANY SETTLEMENT WITHOUT FIRST OBTAINING THE CONCURRENCE FROM THE OFFICE OF THE ATTORNEY GENERAL. FINANCIAL INSTITUTION AND COMPTROLLER AGREE TO FURNISH TIMELY WRITTEN NOTICE TO EACH OTHER OF ANY SUCH CLAIM

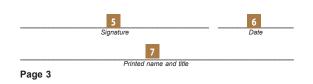
THIS SECTION IS NOT INTENDED TO AND SHALL NOT BE CONSTRUED TO REQUIRE FINANCIAL INSTITUTION TO INDEMNIFY OR HOLD HARMLESS COMPTROLLER OR THE STATE OF TEXAS FROM ANY CLAIMS OR LIABILITIES ARISING OUT OF OR RESULTING FROM THE NEGLIGENT ACTS OR OMISSIONS OF COMPTROLLER OR ANY COMPTROLLER INDEMNITEE.

Section II: Approval to Hold State Deposits Fully Insured by Deposit Insurance

Any eligible Financial Institution that requests to hold FDIC-insured state deposits or state deposits insured by the National Credit Union Share Insurance Fund may complete this section in lieu of Section III. A Resolution by a Board of Directors/Governing Body or the Loan Committee and a Security Agreement are not required for approval under this section.

NOTE: The total of state time deposits (which include open time, Linked Deposits, BidTX deposits, or NOW accounts) or the total of state demand deposits (which includes deposit concentration accounts) at an approved state depository cannot, at any time, exceed its Deposit Insurance levels if the depository is approved under this section. To hold more than its Deposit Insurance levels, a depository must submit a new depository application and complete Section III of the Application/Agreement.

The Financial Institution agrees to comply with all provisions of the Terms and Conditions set out in Section I of this Application/Agreement, except those provisions relating to collateral, and requests approval as a Depository to hold state deposits that are fully insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund. It is understood that upon approval of the Financial Institution as a Depository under this section, the Financial Institution is eligible to receive state deposits up to the amount of its Deposit Insurance less 5 percent (to allow for accrued interest). If the Financial Institution's Deposit Insurance decreases, the Financial Institution must give the required notice to the Comptroller and, before the date of the decrease, reduce its deposits to the amount of its Deposit Insurance less 5 percent (to allow for accrued interest). If the Financial Institution fails to comply with this requirement, the Comptroller may withdraw state deposits to the amount of the Financial Institution's Deposit Insurance less 5 percent (to allow for accrued interest). The president, any vice president or the cashier of the Financial Institution must sign below.



AP-185-3 (Rev 4-15/12)

Each item listed corresponds with the matching number on the Agreement on page 4.

- Name of Financial Institution: Enter your Financial Institution's full legal name.
- Paid-Up Capital Stock: Enter the total of paid-up capital stock rounded to the nearest thousand. If applicant is a mutual savings and loan or credit union, enter a zero (0) here.
- Surplus: Enter your surplus rounded to the nearest thousand. **Do not include retained earnings**. If applicant is a mutual savings and loan, enter a zero (0) here. For credit unions, enter UNDIVIDED EARNINGS rounded to the nearest thousand.
- Maximum Amount of State Time Deposit Funds Requested is: A depository can apply for approval to the extent that it desires to hold time deposits, which include open time, Linked Deposits, BidTX deposits and NOW accounts. The maximum amount requested for the two-year depository period, however, cannot exceed two times the institution's capital stock and surplus if the requested amount is above the federally insured limit. Deposit concentration funds are not subject to this approval amount, but those funds require collateralization as do all funds deposited by the state in excess of FDIC or NCUSIF insurance coverage.

Each item listed corresponds with the matching number on the Agreement.

- Signature: Signature of president, any vice president or the cashier of the Financial Institution.
- Enter the date this section was signed.
- **Printed Name and Title:** Print the name and title of officer who signed this section.

Section III: Approval for State Deposits in Excess of Deposit Insurance Any eligible Financial Institution requesting to hold state deposits in excess of Deposit Insurance levels must execute the following Resolution and Security Agreement. The Comptroller will not accept a resolution that is more than four years old at the time of this application. Before deposits in excess of Deposit Insurance levels can be placed with the Financial Institution, the Comptroller must approve this application and acceptable collateral must be pledged. NOTE: The Resolution set out below must be adopted by the Financial Institution's Board of Directors/Governing Body or Loan Committee. If the Resolution is adopted by the Loan Committee, ratification by the Board of Directors/Governing Body at its next meeting is required. Evidence of such ratification must be provided to the Comptroller's office. The Resolution and this Agreement, including the Security Agreement, must be entered upon the records of the Financial Institution. We highly recommend that your institution submit the resolution proposed below. Please be advised that if a Financial Institution submits an application with an amended or alternate Resolution, the approval process may be delayed. Alternative documentation must be reviewed by the Comptroller's General Counsel Division. Resolution by the Board of Directors/Governing Body or the Loan Committee (Please check the appropriate box above. If Loan Committee is selected provide the date of the next Board of Directors/Governing Body meeting on Page 5.) At a duly convened meeting of the Board of Directors/Governing Body or the Loan Committee of Name of Financial Institution held in its offices at City, State at which a quorum was present, among other business transacted, the following resolution upon motion duly made and seconded, was adopted and entered upon the minutes of the Financial Institution. WHEREAS, it is the purpose of this Financial Institution to make application to the Comptroller to be designated by the Comptroller as a State Depository for the period beginning September 1, 2015, and ending August 31, 2017, and WHEREAS, State law requires that all State Depositories pledge eligible investment securities to secure state deposits in excess of federal NOW THEREFORE, BE IT RESOLVED by the Board of Directors/Governing Body or the Loan Committee that a pledge of securities owned by the Financial Institution is approved up to a maximum of \$_ to secure state deposits in excess of Deposit Insurance coverage BE IT RESOLVED FURTHER, that the President or any Vice President or the Cashier (the Officers) of this Financial Institution are hereby 1st. To prepare and present, fully, in the manner and form required by the Comptroller, an application on behalf of this Financial Institution to become a State Depository and which application, upon acceptance by the Comptroller, shall become a binding agreement. 2nd. To execute on behalf of this Financial Institution a Security Agreement and any and all contracts which may be lawfully required by the Comptroller, should this Financial Institution be designated a State Depository; and further 3rd. To deliver and pledge to the Comptroller such securities owned by this Financial Institution free and clear of all other liens and claims and approved by the Comptroller to be received and held by the Comptroller as pledged securities to guarantee and secure the payment by the Financial Institution of state deposits as required by law. The Officers are further authorized and directed, from time to time, to deposit other and additional securities whenever required by the Comptroller. The Officers may, with the consent of the Comptroller, substitute any pledged securities. The Officers are also hereby fully empowered to execute for this Financial Institution any contract or instrument, evidencing a pledge of any, or all pledged securities, which contract gives to the Comptroller powers of sale and disposition of the pledged securities and of the net proceeds of sale thereof after deducting necessary commissions and expenses, as may be required by the Comptroller. BE IT RESOLVED FURTHER, that the Agreement, the Security Agreement and the pledge of securities approved by this Resolution, shall continuously, from the time of their execution, be official records of this Financial Institution. The undersigned Secretary of the Board of Directors/Governing Body or Loan Committee of _ certify that the foregoing is a Resolution duly adopted by the Board of Directors/Governing Body or the Loan Committee at a meeting held on the aforementioned date, at which a quorum of the Directors/Governing Body or Committee members were present and does further hereby certify that the Resolution has not been altered, amended, repealed or rescinded and is now in full force and effect. IN WITNESS WHEREOF, I have hereunto subscribed my name and, if available, affixed the seal of day of

Page 4

Printed name

AP-185-4 (Rev.4-15/12)

Seal (if available)

Each item listed corresponds with the matching number on the Agreement.

8	Name of Financial Institution: Enter your Financial Institution's full, legal name.
9	City, State: City and state in which your Financial Institution's main office is located.
10	Location Address: Enter the address where the meeting was held at which the Agreement was approved.
11	On the Day of: Date on which the meeting was held.
12	<i>Up to a maximum of</i> \$: Enter the maximum amount of securities that the Financial Institution is authorized to pledge to secure state deposits in excess of Deposit Insurance coverage.
13	Name of Financial Institution: Enter your Financial Institution's full, legal name.
14	Name of Financial Institution: Enter your Financial Institution's full, legal name.
15	
16	Secretary's Signature: Signature of secretary of board of directors or loan committee.
17	Printed Name: Print name of secretary who signed above.
18	Seal: Place Financial Institution seal, if available.

VHEREAS,	is makir	g application to be designated a State
Name of Financial Institution lepository, under the general laws of Texas, and if approved by the erfect the Comptroller's security interest in securities pledged by the grees and binds itself as follows:		
he Financial Institution agrees to comply with all of the Terms a greement, which is incorporated into this Security Agreement for a		n I of the State Depository Application/
the Financial Institution, in order to secure deposits in excess of the National Credit Union Share Insurance Fund (NCUSIF), gracomptroller. Securities with a market value not less than the amount of the Comptroller or an independent third party custodian in accordate Comptroller, as security for all funds belonging to the State of Textific interest thereon. Currently, the Comptroller requires 105 percents as a coverage and 125 percent collateralization for any security.	ts to the Comptroller a security of state deposits to be perfect nee with Section 404.031, Texasas which may be placed on deput collateralization of all state d	interest in securities acceptable to the ad first priority secured will be delivered & Government Code, to be held by or for sosit in the Financial Institution, together eposits in excess of FDIC and NCUSIF
he Financial Institution hereby represents that it shall pledge egal and actual owner, free and clear of all other liens or clain		only those securities in which it is the
he Financial Institution agrees to pledge sufficient collateral befor henever necessary to ensure the full collateralization of state dep		oledge additional securities immediately
hould the Financial Institution fail at any time to immediately remit a equest, the Comptroller shall have the right and power any time the exas then on deposit in said Financial Institution, together with all inancial Institution hereby agrees to fully cooperate and to execute onduct the sale of the collateral pledged. The sale may be public on the Comptroller, and shall convey the securities absolutely to the public of the comptroller, and shall convey the securities absolutely to the public of the comptroller.	reafter to recover the entire am accrued interest allowed by lav any documents necessary or al private, may be made in Austir	ount of money belonging to the State of the collateral pledged. The propriate in order for the Comptroller to Texas, or elsewhere at the direction of
should the Comptroller elect to initially sell less than the entire amononey to pay the state the entire amount of money it has on deposing exercise such power of sale as often thereafter as may be need.	in the Financial Institution with	all interest thereon, then the Comptroller
is hereby fully understood that all usual and necessary expenses r sales of pledged securities may be deducted from the proceeds mount necessary to pay the Comptroller the entire amount of the second comptroller to the Financial Institution.	of the sale. Any funds resulting	from the sale or sales in excess of the
Il powers conferred upon the Comptroller may be exercised with rey the Financial Institution to the Comptroller under the provisions of		
he Financial Institution shall maintain this Security Agreement a greement is terminated and all state deposits have been properly		uously until such time as this Security
y signing their name below, the authorized designee of the Boar inancial Institution to enter into this SECURITY AGREEMENT/PLE		or the Loan Committee shall cause the
		20
The next Board of Directors/Governing Body meeting will be	Name o	f Financial Institution
held on	Ву	Signature 21
Date Evidence of ratification of this resolution must be provided to		
the Comptroller's office no later than 30 days after the next scheduled Board of Directors/Governing Body meeting.		Printed name
		23
		Title

Each item listed corresponds with the matching number on the Agreement.

- Name of Financial Institution: 19 Enter your Financial Institution's full, legal name.
- Name of Financial Institution: Enter your Financial Institution's full, legal name.
- Signature: Signature of authorized designee of the board of directors or the loan committee. Must be the president, any vice president or the cashier.
- **Printed Name:** Printed name of person signing above.
- Enter the title of person signing above.
- Date: Enter the date this Security Agreement was signed.
- Date: If "Resolution by the Loan Committee" was selected on Page 4 of the Agreement (Page 8 of this Handbook) then enter the date of the next scheduled Board of Directors/Governing Body meeting. Evidence of ratification must be provided to the Comptroller's office no later than 30 days after the next scheduled Board/Governing Body meeting.

Section IV: Required Information	
Transit and routing number:	- A P 1 8 5 6 0 F 0 4 1 5 1 2 ·
Name of Financial Institution: 27	
Mailing address: 28	
Dity:	County:
State: 31 9-digit ZIP code: 32	Phone number:
President/C.E.O.: Mr. Ms.	34
Contact for time deposits:	Name 35
Email address: 37	Name Phone
Alternate contact: Mr. Ms. 38	
Email address:	Name Phone
Holding company name:	
Texas CRA rating: 40 Bank taxpayer identification number:	41 41
Bank capital stock: 42 000.00 round to thousands	Bank surplus: 000.00
Maximum amount of state time deposits requested:	000.00
Texas law requires that State Depositories must be doing but	siness in Texas through a main office or one or more branches. An out-of-state
Out-of-State institutions must also completed also completed also be supposed to the state of th	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro-
Out-of-State institutions must also completers a law requires that State Depositories must be doing but notifution must choose a Texas branch to act as the main bravide contact information for the main Texas branch location at Texas mailing address:	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro-
Out-of-State institutions must also completed also completed also be supposed to the state of th	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please proand complete the following:
Out-of-State institutions must also comple Texas law requires that State Depositories must be doing bu- nstitution must choose a Texas branch to act as the main bra- vide contact information for the main Texas branch location a Texas mailing address: 45 e-digit ZIP code:	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro- and complete the following: City: 46
Out-of-State institutions must also completed as a law requires that State Depositories must be doing but notifution must choose a Texas branch to act as the main bravide contact information for the main Texas branch location and the state of the state	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro- and complete the following: City: 46 Texas phone number: 48 — 49
Out-of-State institutions must also completers also requires that State Depositories must be doing but institution must choose a Texas branch to act as the main bravide contact information for the main Texas branch location and Texas mailing address: 45 9-digit ZIP code: 47 Texas contact for time deposits: Mr. Ms.	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro- and complete the following: City: 46
Out-of-State institutions must also comple Texas law requires that State Depositories must be doing buinstitution must choose a Texas branch to act as the main bravide contact information for the main Texas branch location at Texas mailing address: 45 9-digit ZIP code: 47 Texas contact for time deposits: Mr. Ms. Phone: Alternate Texas contact: Mr. Ms. 52	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro- and complete the following: City: 46
Out-of-State institutions must also comple Texas law requires that State Depositories must be doing bunstitution must choose a Texas branch to act as the main bravide contact information for the main Texas branch location and Texas mailing address: 45 9-digit ZIP code: 47 Texas contact for time deposits: Mr. Ms. Phone: 50 Mr. Ms. 52	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro- and complete the following: City: 46
Out-of-State institutions must also comple Texas law requires that State Depositories must be doing bunstitution must choose a Texas branch to act as the main bravide contact information for the main Texas branch location and Texas mailing address: 45 9-digit ZIP code: 47 Texas contact for time deposits: Mr. Ms. Phone: 50 Mr. Ms. 52	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro- and complete the following: City: 46
Out-of-State institutions must also comple Texas law requires that State Depositories must be doing bunstitution must choose a Texas branch to act as the main bravide contact information for the main Texas branch location and Texas mailing address: 45 9-digit ZIP code: 47 Texas contact for time deposits: Mr. Ms. Phone: 50 Mr. Ms. 52	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro- and complete the following: City: 46
Out-of-State institutions must also comple Texas law requires that State Depositories must be doing bunstitution must choose a Texas branch to act as the main bravide contact information for the main Texas branch location and Texas mailing address: 45 9-digit ZIP code: 47 Texas contact for time deposits: Mr. Ms. Phone: 50 Mr. Ms. 52	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro- and complete the following: City: 46
Dut-of-State institutions must also comple Texas law requires that State Depositories must be doing bunstitution must choose a Texas branch to act as the main bravide contact information for the main Texas branch location after a smalling address: 45 De-digit ZIP code: 47 Fexas contact for time deposits: Mr. Ms. Phone: 50 Mr. Ms. 52	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro- and complete the following: City: 46
Out-of-State institutions must also comple Texas law requires that State Depositories must be doing bunstitution must choose a Texas branch to act as the main bravide contact information for the main Texas branch location and Texas mailing address: 45 9-digit ZIP code: 47 Texas contact for time deposits: Mr. Ms. Phone: 50 Mr. Ms. 52	siness in Texas through a main office or one or more branches. An out-of-state anch location for purposes of Texas State Depository designation. Please pro- and complete the following: City: 46

Each item listed corresponds with the matching number on the Agreement.

- Transit And Routing Number: 26 Enter your parent Financial Institution's assigned nine-digit transit and routing number for the main office.
- Name of Financial Institution: Enter your Financial Institution's full, legal name.
- Address: Enter your Financial Institution's mailing address.
- Enter the name of the city in which your Financial Institution's main office is located.
- Enter the name of the county in which your Financial Institution's main office is located.
- Enter the state where your Financial Institution's **main office** is located.
- Enter your Financial Institution's nine-digit ZIP code.
- Phone Number: Enter your Financial Institution's phone number, with area code (preferably a phone number that can be accessed from 8 a.m. to 5 p.m.).
- Enter your president or C.E.O.'s name. (first name, middle initial, last name and title)
- **Contact for Time Deposits:** Enter the name of the contact for time deposits.
- Phone Number: Enter a phone number for the time deposit contact.
- **Email Address:** Enter the email address of the time deposit contact. If your institution does not have Internet access for email, please indicate here.
- **Alternate Contact:** Enter name, phone number and email address for alternate contact.

NOTE: All time deposit contact and alternate contact information must be kept current. The institution must notify the Comptroller of any change in contact names, phone numbers and/or email addresses.

- Holding Company Name:
 If your institution is a member of a bank holding company, enter your holding company's full, legal name.
- Texas CRA Rating:

 If a bank or savings and loan, enter your current Community Reinvestment Act (CRA) rating. If applicant is an out-of-state institution with one or more branches in Texas, enter the CRA rating for the Texas region or the CRA rating for the individual branches in Texas, not the institution's overall rating.
 - O Outstanding S Satisfactory I Needs improvement N Substantial non-compliance

NOTE: Per Section 404.0212, Texas Government Code, the Comptroller cannot select as a depository a bank or savings and loan that has a CRA rating that is below "outstanding" or "satisfactory." If a depository's CRA rating changes at any time, the depository must report such change to the Comptroller within 30 days. If the rating changes to below "outstanding" or "satisfactory," the Comptroller will take immediate action to transfer all state deposits from that depository.

- Bank Taxpayer Identification Number of the Parent Financial Institution:
 Enter your primary 9-digit taxpayer identification number, the one under which any unclaimed property is reported. If the applicant is an out-of-state institution, enter the taxpayer ID of the Texas branch under which any unclaimed property is reported. Each Financial Institution is required to submit an unclaimed property report. If it is not submitted, your institution will be contacted by the Comptroller.
- Bank Capital Stock:

 Enter the total of paid-up capital stock rounded to the nearest thousand. If the applicant is a mutual savings and loan or credit union, enter a zero (0) here.
- Bank Surplus:
 Enter your surplus rounded to the nearest thousand. Do not include retained earnings.
 If the applicant is a mutual savings and loan, enter a zero (0) here. For credit unions, enter UNDIVIDED EARNINGS here, rounded to the nearest thousand.
- Maximum Amount of State Time Deposits Requested (rounded to the nearest thousand):

 A depository can apply for approval to the extent that it desires to hold time deposits, which include open time, Linked Deposits, BidTX deposits and NOW accounts. The maximum amount requested for the two year depository period, however, cannot exceed two times the institution's capital stock and surplus if the requested amount is above the federally insured limit. Deposit concentration funds are not subject to this approval amount, but those funds require collateralization as do all funds deposited by the state in excess of FDIC or NCUSIF insurance coverage.

- Texas Mailing Address: Enter the mailing address of the main Texas branch.
- City: Enter the name of the city of the main Texas branch.
- 9-Digit ZIP Code: Enter the nine-digit ZIP code of the main Texas branch.
- Texas Phone Number: Enter the phone number of the main Texas branch with the area code (preferably a phone number that can be accessed from 8 a.m. to 5 p.m.).
- Texas Contact for Time Deposits: Enter the name and title of the Texas contact for time deposits.
- Phone Number: Enter a phone number for the Texas contact.
- **Email Address:** Enter the email address for the Texas contact.
- **Alternate Texas Contact:** Enter name and title for alternate Texas contact.
- Phone Number: Enter the phone number for the alternate Texas contact.
- **Email Address:** Enter the email address for the alternate Texas contact.

Section V: Checklist	
Before submitting your application to the Texas Completed:	ptroller, confirm that the appropriate
If requesting to hold state deposits fully insure	ed by Deposit Insurance, complete Section II
If requesting to hold state deposits it in writing in state deposits in excess of	
Sign in the appropriate signature section(s).	or Bopook modranos, complete occion in.
Complete Section IV.	
Enclose a current statement of condition (a d	laily call report, financial statement or the most recently published quarterly report).
Verify that the capital stock and surplus amou	ints on page 1, page 6 and your statement of condition are the same.
or help completing this form, refer to the State Depos	sitory Handbook, which can be found at www.comptroller.texas.gov/treasops/depository.
Mail completed application to	o: Texas Comptroller of Public Accounts
	Depository Applications
	Cash and Securities Management Division, Room 636 P.O. Box 12608
	Austin, TX 78711-2608
	_
pplication prepared by:	55 Name Title
Phone number: - 56 -	Email address:
Depository information can be found at www.o	comptroller.texas.gov/treasops/depository. w, request and correct information we have on file about you, with limited exceptions in accordance
Depository information can be found at www.o	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form.
Depository information can be found at www.o	comptroller.texas.gov/treasops/depository. w, request and correct information we have on file about you, with limited exceptions in accordance
Depository information can be found at www.o	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form.
Inder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Inder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only:	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Depository information can be found at www.conder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Depository information can be found at www.conder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Depository information can be found at www.conder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Depository information can be found at www.conder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Depository information can be found at www.conder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Inder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Inder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Inder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Inder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Inder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Inder Ch. 559, Government Code, you are entitled to review with Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Inder Ch. 559, Government Code, you are entitled to review tith Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No
Inder Ch. 559, Government Code, you are entitled to review tith Ch. 552, Government Code. To request information for For Comptroller Use Only: Completion date	w, request and correct information we have on file about you, with limited exceptions in accordance review or to request error correction, contact us at the address or number listed on this form. Bank code State Participant Approved Custodian: Yes No

- Application Prepared by: Enter the name and title of the person who prepared the application.
- Phone Number: Enter the phone number of the person who prepared the application.
- **Email Address:** 57 Enter the email address of the person who prepared the application.

STATEMENT OF CONDITION

NOTE: MUST ACCOMPANY AGREEMENT

You are required to return to the Comptroller a current statement of condition (e.g., a quarterly published report, financial statement or a daily call report) dated no earlier than three months prior to application date. The application package includes the same report of conditions required by the FDIC for banks, the Savings and Loan Commissioner for savings and loans and the NCUA and Credit Union Commission for credit unions. Prepare these forms in the same manner that you would prepare forms for these regulatory offices.

REPORTING REQUIREMENTS

DEPOSIT CONCENTRATION ACCOUNTS:

- It is a requirement that each state depository holding a deposit concentration account must furnish the Comptroller a monthly statement of account balances with that Financial Institution.
- If an institution has more than one Comptroller account, it is necessary to send a statement for each individual account.
- All deposit concentration account statements and confirmations should be addressed as follows:

Texas State Comptroller of Public Accounts Treasury Accounting Division P.O. Box 12608 Austin, Texas 78711-2608

(For BidTX and Open Time Deposits, see below.)

Any questions concerning statement requirements, confirmations or account balances should be directed to the Comptroller's Treasury Accounting Division at 512-463-5912.

BIDTX AND OPEN TIME DEPOSITS:

- Each state depository holding BidTX or Open Time deposits must furnish the Comptroller quarterly statements of principal balances, interest rates, and maturity dates of all BidTX or Open Time deposits with that Financial Institution.
- All BidTX and Open Time depository receipts and quarterly statements should be emailed to **Cynthia.McCarver@ttstc.texas.gov** or mailed to:

Texas Treasury Safekeeping Trust Company Investment Accounting Division 208 E. 10th St., 4th Floor Austin, Texas 78701

DEPOSIT INSURANCE COVERAGE CHANGE:

Each State Depository must provide the Comptroller at least 60 days advance notice of a change in its Deposit Insurance coverage including the new coverage amount and effective date of the change.

DEPOSITORY COLLATERAL EXPLANATION

- Depository collateral is required to protect any and all state deposits that exceed the Financial Institution's Deposit Insurance amount while approved as a state depository.
- It is the responsibility of the Financial Institution to pledge sufficient collateral <u>before</u> receiving state funds. Sufficient collateral must be maintained at all times while state funds are on deposit.
- "Collateral" consists of pledged eligible securities.
 - State Depository Financial Institutions (or successor institutions) place eligible securities in "trust" with the Comptroller or an independent third-party custodian. Under Texas Government Code, Section 404.031 a custodian may be:
 - a Federal Reserve Bank;
 - a Federal Home Loan Bank;
 - the Texas Treasury Safekeeping Trust Company;
 - a state depository bank that has been designated as a custodian by the Comptroller;
 - e. a financial institution, authorized to exercise fiduciary powers, that has been designated as a custodian by the Comptroller.
 - 2. The custodian may act alone or through a "permitted institution," as defined by Texas Government Code, Section 404.031(g). Collateral receipts must note the location of securities, if held at a permitted institution.
 - The custodian will guarantee the safety and negotiability of all pledged collateral and will hold such collateral pending instructions from the Comptroller. Securities cannot be safekept by a custodian that is a member of the same holding company as the financial institution.
 - 4. Currently, the Comptroller requires 105 percent collateralization of all State deposits in excess of Deposit Insurance coverage. Collateralization of 125 percent is required for any securities pledged to the state that have a declining principal balance.
- Valuation of collateral is based on current market quotations.
 - 1. When new or incoming pledges are received, they are valued based upon the previous day's closing market quotations.
 - 2. All securities held in trust are revalued daily.

ELIGIBLE COLLATERAL

The eligibility of collateral to be pledged with the Comptroller to secure state deposits is generally governed by Texas Government Code Section 404.0221. Subsection (b) lists three general categories of eligible collateral, while Subsection (f) allows the Comptroller to reject collateral tendered by a state depository without assigning a reason for the rejection, and the Comptroller's action is final and not subject to review.

Only the following securities with fixed, stated rates are deemed acceptable by the Comptroller to pledge as collateral to secure the deposit of state funds:

- United States Treasury obligations;
- Federal National Mortgage Association discount notes and primary debt instruments or debentures and only those mortgage-backed securities with a remaining maturity of 15 years or less:
- Federal Home Loan Bank system consolidated bonds and discount notes issued in bookentry form and Federal Home Loan Bank Letters of Credit;
- Federal Farm Credit Banks consolidated system-wide bonds and discount notes issued in book-entry form;
- Government National Mortgage Association securities;
- Federal Home Loan Mortgage Corporation discount notes and primary debt instruments or debentures and mortgage-backed securities with a remaining maturity of 15 years or less;
- State of Texas bonds issued by the various state agencies and four-year educational institutions of the State of Texas; and
- Municipal bonds issued by political subdivisions of the State of Texas with a rating of "A" (or its equivalent) or higher by a nationally recognized statistical rating organization such as Fitch Ratings, Moody's Investors Service, Inc. or Standard & Poor's.

The following securities are not deemed acceptable by the Comptroller to pledge as collateral to secure the deposit of state funds:

- Adjustable Rate Mortgages (ARMs);
- Collateralized Mortgage Obligations (CMOs);
- Step-Up's;
- variable rate securities; and
- securities not found on common pricing systems.

PROCEDURES FOR PLEDGING COLLATERAL

RESPONSIBLE ENTITY	ACTION
1. Financial Institution	To pledge collateral a "Deposit of Securities Application" (deposit form) is available online at:
	www.comptroller.texas.gov/taxinfo/taxforms/00-132.pdf
2. Financial Institution	Complete the deposit form according to the instructions.
3. Financial Institution	Submit via email (collateral@cpa.texas.gov), fax (512-463-5900) or mail the original to:
	Texas Comptroller of Public Accounts Cash and Securities Management Division, Room 636 P.O. Box 12608 Austin, Texas 78711-2608
4. Comptroller	Review, verify and approve the forms or notify the Financial Institution of reason forms cannot be processed.
5. Comptroller	Email or fax the deposit form(s) to the custodian.
6. Custodian	Verify and sign the deposit form(s).
7. Custodian	Issue a Safekeeping Trust Receipt.
8. Custodian	Email or fax a copy of the deposit form(s) along with a copy of the Safekeeping Trust Receipt(s) to 512-463-5900. Mail one copy of the deposit form(s) along with the original Safekeeping Trust Receipt(s) to the Comptroller at the above address. The custodian will keep one copy of the deposit form(s) and send a completed copy to the Financial Institution for its records.

Note: It is the responsibility of the Financial Institution to pledge sufficient collateral \underline{before} receiving state funds. Sufficient collateral must be maintained at all times while state funds are on deposit.

PROCEDURES FOR RELEASING COLLATERAL

RESPONSIBLE ENTITY	ACTION
1. Financial Institution	To release pledged collateral a "Withdrawal of Securities Application" (withdrawal form) is available online at:
	www.comptroller.texas.gov/taxinfo/taxforms/00-131.pdf
2. Financial Institution	Complete the withdrawal form according to the instructions.
3. Financial Institution	Submit via email (collateral@cpa.texas.gov), fax (512-463-5900) or mail the original to:
	Texas Comptroller of Public Accounts Cash and Securities Management Division, Room 636 P.O. Box 12608 Austin, Texas 78711-2608
4. Comptroller	Review, verify and approve the forms or notify the Financial Institution of reason withdrawal cannot be processed.
5. Comptroller	Email or fax the withdrawal form(s) to the custodian.
6. Custodian	Verify and sign the withdrawal form(s).
7. Custodian	Email or fax one copy of withdrawal form(s) to the Comptroller. The custodian will keep one copy and send a completed copy to the Financial Institution for its records.

COMPUTATION AND COLLECTION OF INTEREST ON BIDTX, OPEN TIME AND LINKED DEPOSITS

BIDTX DEPOSITS:

- The floor rate for the BidTX auction is based on prevailing market conditions, not to fall below the yield on the comparable U.S. Treasury maturity.
- The rate charged is each depository's winning bid from the most recent BidTX auction.
- Interest accrues from settlement day through, and including, the day before maturity. Interest does not accrue on the maturity date.
- Financial Institutions that receive deposits through the BidTX auction will **not** pay interest monthly. Principal and interest will be payable at maturity.
- Upon the maturity of BidTX deposits, the Financial Institution will send a wire including principal and interest to the Comptroller. Prior to maturity the Comptroller, through the Texas Treasury Safekeeping Trust Company, will mail or email wiring instructions in a maturity notice to the Financial Institution. The Financial Institution must follow the wiring instructions explicitly.
- The wiring instructions are:

Bank Name: TX COMPT AUSTIN

ABA#: 114900164 Account#: 440474005 Reference: BidTX

- Interest due to the Comptroller is based on the average daily balance and the rate in effect for the deposit.
- Interest is computed on a 365-day year.
- Additional information can be found at: www.bidtx.com.

OPEN TIME DEPOSITS:

- The interest rate for open time deposits (direct placements) is the weighted average rate established from the most recent monthly BidTX auction.
- Interest accrues from settlement day through, and including, the day before maturity. Interest does not accrue on the maturity date.
- Interest due to the Comptroller is based on the average daily balance and the rate in effect for the deposit.
- Interest is computed on a 365-day year.

- Upon maturity, the Financial Institution will send a wire including principal and interest to the Comptroller. Prior to maturity the Comptroller, through the Texas Treasury Safekeeping Trust Company, will mail or email wiring instructions in a maturity notice to the Financial Institution. The Financial Institution must follow the wiring instructions explicitly.
- The wiring instructions are:

Bank Name: TX COMPT AUSTIN

ABA#: 114900164 Account#: 440474005 Reference: Open Time

LINKED DEPOSITS:

- The interest rate on Linked Deposits is the current market rate of a U.S. Treasury bill or note of comparable maturity minus two hundred basis points (2 percent), with a minimum rate of 1.5 percent.
- The Comptroller will recalculate the interest rate at the end of each fiscal biennium.
- Interest accrues from settlement day through, and including, the day before maturity. Interest does not accrue on the maturity date.
- Interest due to the Comptroller is based on the average daily balance and the rate in effect for the deposit.
- Interest is computed on a 365-day year.
- Upon maturity, the Financial Institution will send a wire including principal and interest to the Comptroller. Prior to maturity the Comptroller, through the Texas Treasury Safekeeping Trust Company, will mail or email wiring instructions in a maturity notice to the Financial Institution. The Financial Institution must follow the wiring instructions explicitly.
- When making principal paydowns, a wire including principal and interest (all accrued interest) will be sent to the Comptroller.
- The Comptroller will collect interest at the end of each state fiscal biennium by wire transfer.
- A confirmation email with instructions for payment of interest due will be sent by the Comptroller through the Texas Treasury Safekeeping Trust Company.
- The wiring instructions are:

Bank Name: TX COMPT AUSTIN

ABA#: 114900164 Account#: 440474005 Reference: Linked Deposit

FREQUENTLY ASKED QUESTIONS

- What is meant by time deposits, deposit concentration accounts and NOW accounts?
 - Time deposits include three categories of deposits: open time deposits, Linked Deposits and BidTX deposits. Open time deposits are direct placements under Section II of this application. A depository may request an open time deposit by contacting the Comptroller through the Investment Accounting Division of the Texas Treasury Safekeeping Trust Company. If a depository has BidTX deposits, it is not eligible to receive open time deposits. The interest rate for an open time deposit (direct placement) is based on the weighted average rate of the most recent BidTX auction and the maturity date is set by the Comptroller. Interest is collected at maturity by wire transfer. At maturity, the depository shall pay principal and interest to the Comptroller by wire transfer.
 - Linked Deposits are time deposits that are placed under two Linked Deposit programs that the Comptroller administers jointly with the Texas Department of Agriculture and the Economic Development and Tourism Department in the Office of the Governor to encourage economic diversification. Interest rates are less than a standard time deposit as an incentive for depositories to make loans under these programs. Interest is collected at maturity by wire transfer. At maturity, the depository shall pay principal and interest to the Comptroller by wire transfer.
 - BidTX deposits are time deposits that are bid on by approved state depositories at a monthly auction. Winning bidders pay the interest rate on the bids awarded. At maturity, the depository shall pay principal and interest to the Comptroller by wire transfer. (See the following four questions and answers for additional BidTX information.)
 - Deposit concentration accounts are demand accounts set up by the Comptroller for state agencies to use to expedite their deposits. These accounts are used primarily by agency field offices, so deposits can be made in the local field area and then swept by the Comptroller electronically, usually the next day.
 - NOW accounts are interest-bearing demand accounts.
- Who determines whether bidders are eligible to participate in BidTX auctions?
- A The Comptroller approves all BidTX bidders by following the criteria in the State Depository Handbook and in state statute.
- Q Do bidders need special software or equipment to use BidTX?
- A No. The BidTX website can be accessed using any competent Internet service provider and any popular Web browser.

- What steps must bidders take to participate in BidTX auctions?
- A To participate in BidTX auctions, bidders must:
 - 1. Be an approved state depository.
 - 2. Complete the registration form at: www.bidtx.com.
 - 3. Request admission to bid in specific BidTX auctions by clicking the "Request Admission" button on the "Selections Page."
 - 4. Answer all questions on "Acknowledgement Page" affirmatively.
 - 5. Abide by all terms and conditions specified in the BidTX Guidelines on the BidTX Investment Auction website: www.bidtx.com
- Q Are signature cards required for BidTX accounts?
- A No they are not.
- **Q** Where can I find more information about BidTX auctions?
- A Additional information can be found at: www.bidtx.com.
- What happens to time deposits at a state depository that later becomes a branch of another state depository?
- A Time deposits at a branch will remain at the branch until maturity. At maturity, the Comptroller will contact the institution about transferring the time deposit(s) to the parent institution, if sufficient collateral has been pledged and the depository's approval limit has not been exceeded.
- What amount of collateralization is required to cover state deposits held by an approved depository?
- A Currently, the Comptroller requires 105 percent collateralization for all funds at an institution that exceed federal deposit insurance coverage. Collateralization of 125 percent is required for any securities that are pledged to the state that have a declining principal balance.
- Once deposit and/or withdrawal forms for pledged collateral securities are submitted to the Comptroller, what is the processing time?
- A The Comptroller processes the forms and forwards them to the designated custodian, normally on the same day they are received. The Comptroller will contact the depository if the forms are incomplete or have incorrect data. A deposit is not considered completed until the Comptroller receives a fully executed safekeeping trust receipt from the custodian, usually a one to two day process.
- May securities be pledged by a depository and held in safekeeping by more than one custodian?
- A Yes, however a depository must submit a separate set of pledge forms to the Comptroller for each custodian. For faster processing, consider using only one custodian.
- What is the Comptroller's Federal taxpayer I.D. number?
- A Our taxpayer I.D. number is: 746000089.

- Are custodians permitted to release pledged securities upon verbal or telephone authorization by the Comptroller?
- A No. In accordance with the terms of controlled trust receipts, custodians will exchange, substitute or release securities from custody only on receipt of completed, signed, written withdrawal forms.
- When withdrawal forms are submitted to obtain the release of pledged collateral securities, is it necessary to furnish the trust receipt number of the securities to be released?
- A Yes. The Comptroller monitors pledged securities by using a unique identifier, which is the trust receipt number assigned by the custodian.
- Q Is the CUSIP (Committee on Uniform Security Identification Procedures) number, a 9-digit alphanumeric security identifier that is assigned to all North American securities for the purposes of facilitating clearing and settlement of trades, necessary on deposit and/or withdrawal forms for pledged collateral securities?
- A Yes. The Comptroller uses CUSIP numbers to verify descriptions and price of pledged collateral.
- What is the procedure for moving pledged securities from one custodian to another?
- A The depository should submit both withdrawal and deposit forms to the Comptroller. The withdrawal forms (indicating the custodian to which the securities are to be released) will describe the same securities as those listed on the deposit form. After the transaction is approved by the Comptroller, the forms will be sent to the appropriate custodians with necessary instructions. The withdrawal form will be stamped, "This transaction involves a change of custodian. These securities are to be released to and are to remain pledged to the State until the transfer to the new custodian is complete."
- How does the Comptroller determine which securities are acceptable as collateral for state deposits?
- A Section 404.0221 of the Texas Government Code states what is eligible to be pledged as collateral for state deposits.
 - The Comptroller then determines what will be accepted as collateral. The Comptroller has final authority to determine the acceptance of any collateral pledged as security.
- What happens if the market value of pledged securities declines, resulting in undercollateralization of the State's deposits?
- A The depository is contacted by the Comptroller and is asked to pledge additional securities immediately or to return deposits in the amount needed to bring the depository back within prescribed collateral limits.

COMPTROLLER CONTACTS

All phone numbers are in the 512 area code and can also be accessed by dialing 1-800-531-5441 and then the extension of the person you are calling (the last five digits of the phone number). Email addresses are as follows:

firstname.lastname@cpa.texas.gov (e.g., desiree.caufield@cpa.texas.gov)

State Depository Applications/Agreements/Change of President, Bank Name or Address

Mayra Castillo Linda Camarillo Fax number	Cash and Securities Management	
Request for Time Deposits		
•	Texas Treasury Safekeeping Trust Company-	462 2205
Vickie Crawford	Investment Accounting Division	
	Texas Treasury Safekeeping Trust Company	463-0823
Account Balance Inquiry	, 1 0 1 ,	
Judy Miller Fax number	Treasury Accounting	
Pledge and Release of Collate	eral	
Anabel Santos	Cash and Securities Management	463-6069
Deposit Concentration Prog	rams	
	Cash and Securities Management	
Legal		
Serena Kuvet Chris Conradt	Assistant General Counsel for Agency Affairs Assistant General Counsel for Agency Affairs	
Executive Staff		
	Director, Treasury Operations Manager, Cash and Securities Management	

Texas Comptroller of Public Accounts
Publication# 96-480
Revised May 2015

In compliance with the Americans with Disabilities Act, this document may be requested in alternative formats by calling the following number: 512-463-5905, or by sending a fax to 512-463-6315.